

BEFORE THE  
UNITED STATES OF AMERICA  
POSTAL REGULATORY COMMISSION  
WASHINGTON, DC 20268-0001

Mt. Sterling Post Office  
Mt. Sterling, Wisconsin

Docket No. A2012-89

COMMENTS OF THE PUBLIC REPRESENTATIVE

(February 8, 2012)

I. INTRODUCTION AND BACKGROUND

On November 30, 2011, the Commission docketed the petition to review the Postal Service's determination to close the Mt. Sterling Post Office.<sup>1</sup> On December 15, 2011, the Postal Service filed an electronic version of the administrative record concerning its Final Determination, Postal Service Docket Number 1374077-54645.<sup>2</sup> On December 19, 2011, the Commission issued an order instituting the current review proceedings, appointing a Public Representative, and establishing a procedural schedule.<sup>3</sup> Petitioner Hansen filed a Participant Statement in which she outlined her objections to the closure of Mt. Sterling Post Office.<sup>4</sup> On January 24, 2012, the Postal Service filed comments supporting its closure determination.<sup>5</sup>

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<sup>1</sup> Letter by Judith E. Hansen, November 30, 2011 (Petition).

<sup>2</sup> United States Notice of Filing Administrative Record, December 15, 2011 (AR).

<sup>3</sup> Notice and Order Accepting Appeal and Establishing Procedural Schedule, December 19, 2011 (Order No. 1054).

<sup>4</sup> Participant Statement of Judith E. Hansen, January 19, 2012 (Participant Statement).

<sup>5</sup> United States Postal Service Comments Regarding Appeal, January 24, 2012 (Postal Service Comments).

## II. POSITIONS OF THE PARTIES

### A. The Petitioner

Petitioner Hansen presents four arguments in opposition to the Postal Service's decision to close the Mt. Sterling Post Office: (1) the Postal Service did not consider the impact of the closing on its ability to provide postal services to Mt. Sterling's customers; (2) the Postal Service did not consider the effect of the closing on the Mt. Sterling, WI community; (3) the economic savings from closing the Mt. Sterling Post Office were not adequately calculated; and (4) the workload study is flawed. Petition at 1; and Participant Statement at 1-2.

### B. The Postal Service

On January 24, 2012, the Postal Service filed comments in lieu of the answering brief permitted by Order No. 1054. In that filing, the Postal Service supports its decision to close the Mt. Sterling on the basis that it has (1) followed the proper procedural requirements of 39 U.S.C. 404(d); (2) considered the impact on the Mt. Sterling community; (3) considered the effect of the closing on postal services provided to Mt. Sterling's customers; (4) properly determined that it would save \$24,158 from closing the Mt. Sterling Post Office; and (5) considered the effect on postal employees.<sup>6</sup> Postal Service Comments at 3-13.

## III. ADEQUACY OF THE POSTAL SERVICE'S FINAL DETERMINATION

After careful review of the Postal Service's Final Determination, the materials in the Administrative Record, the arguments presented by Petitioners, and the Postal Service Comments, the Public Representative concludes the Postal Service has

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<sup>6</sup> The Postal Service does not respond to the Petitioner's assertion that the workload study is flawed. However, the Postal Service stated that it considered a variety of factors in reaching its determination to close the Mt. Sterling Post Office. *Id.* at 10-11.

followed applicable procedures, the decision to close the Mt. Sterling Post Office is not arbitrary or capricious, and the Postal Service's decision is generally supported by substantial evidence.

While the Postal Service's decision to close Mt. Sterling Post Office is consistent with title 39, the calculated economic savings are problematic. The savings consist of the following components: (1) postmaster salary (\$18,880); (2) postmaster benefits (\$6,325); (3) annual lease cost (\$4,920); and (4) annual cost of replacement service (\$5,967). With the exception of the annual lease cost, the savings components are somewhat problematic.

The savings related to the postmaster salary and benefits are overstated. The Mt. Sterling Post Office has had an OIC since 2007. As the Postal Service acknowledges, the OIC's pay rate is lower than the postmaster's pay rate. In addition, the OIC position does not earn benefits. Thus, the Postal Service's savings calculations should be based on the OIC pay rate and not the postmaster pay rate. The Postal Service argues that its savings estimates are forward-looking and because it has paid less in salary and benefits over the past years does not necessarily mean that it could count on those savings annually in the future. Postal Service Comments at 12. The Public Representative disagrees since the Mt. Sterling Post Office has operated without postmaster for quite some time. Therefore, it is not likely that Mt. Sterling would obtain a postmaster in the future. To increase transparency with the economic savings calculations, the Postal Service should provide minimum and maximum cost savings estimates. The minimum savings estimate should reflect the current OIC salary and the maximum estimate should reflect the postmaster salary.

The postmaster salary and benefits savings appear to be overstated for another reason. The Post Office Survey Sheet states that "OIC will return to regular position. Non-career PMR will be utilized at other area offices as needed." See AR, Item No. 15 at 1. If this is true, the Postal Service's decision to close the Mt. Sterling Post Office should yield minimal postmaster salary and benefits savings. As mentioned previously,

to better determine the annual economic savings that would result from closing the Mt. Sterling Post Office, it would be helpful to know the OIC's pay rate.

In contrast to the overstated savings related to postmaster salary and benefits, the rural carrier cost study appears to understate the costs imposed by providing rural carrier service to the 47 Mt. Sterling customers. The Postal Service estimates that the proposal would add one-half miles per day to the existing rural route. This implies that the carrier would not have to deviate much from the original route to reach the new delivery customers. The Postal Service should provide an explanation on how it estimated the additional miles per day input since the input is one of the starting points for calculating the cost imposed by providing rural carrier service.

## VI. CONCLUSION

For the reasons set forth above, the decision of the Postal Service to close the Mt. Sterling Post Office should be affirmed.

Respectfully Submitted,

/s/ Derrick D. Dennis

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